

## ***Insurance and Financial Services***

**PUBLIC 26      An Act to Amend the Law Pertaining to Notice of Nonrenewal of an  
Automobile Insurance Policy**

**LD 5**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-14

Public Law 2003, chapter 26 clarifies that the aggregate number of accidents that would permit an insurer to non-renew a policy insuring that motor vehicle or other motor vehicles in that household is increased by one regardless of the number of policies that are issued for the motor vehicles.

**PUBLIC 35      An Act to Extend the Time to Pay a Premium to the Insured**

**LD 2**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-29

Public Law 2003, chapter 35 extends the time for a licensed insurance producer or broker to pay premium refunds to an insured from 10 days to 30 days.

**PUBLIC 36      An Act To Clarify the Authority of the Superintendent of Financial  
Institutions Regarding a Credit Union's Conversion of Its Field of  
Membership**

**LD 171**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DUPLESSIE	OTP-AM	H-31

Public Law 2003, chapter 36 clarifies the authority of the Superintendent of Financial Institutions to permit a credit union with an employer-based field of membership to convert its field of membership to a community-based field of membership and to retain one or more employer groups of portions of groups that were included in its field of membership prior to the conversion.

**PUBLIC 38      An Act to Reduce Workers' Compensation Costs for Self-insured  
Public Utilities**

**LD 64**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-30

Public Law 2003, chapter 38 allows a transmission and distribution utility to reduce its security for self-insuring its workers' compensation obligations by up to \$10 million dollars, but not lower than \$100,000, in a manner similar to that used by other employers.

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### **PUBLIC 49      An Act To Enhance Consumer Protections in Relation to Certain Mortgages**

**LD 494**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-53

Public Law 2003, chapter 49 amends the law related to the provision of high-rate, high-fee mortgages. The law prohibits high-rate, high-fee mortgages from charging default charges in excess of 5% of the default amount and limits the fees that may be charged during multiple refinancings, deferrals and extensions of these mortgages. The law also clarifies the concurrent jurisdiction of the Bureau of Financial Institutions and the Office of Consumer Credit Regulation over high-rate, high-fee mortgages depending on the type of entity responsible for selling the mortgage.

### **PUBLIC 65      An Act To Require That Mental Health Workers with LCPC Licenses Are Recognized as Licensed Professionals for Purposes of Insurance Reimbursement**

**LD 563**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
GLYNN	OTP-AM	H-72 H-84   RINES

Public Law 2003, chapter 65 mandates that all health care plans reimburse licensed clinical professional counselors for mental health services. The law retains the provision in current law that requires health plans to offer coverage for mental health services provided by licensed professional counselors, marriage and family therapists and pastoral counselors. The law applies to all policies and contracts issued or renewed on or after January 1, 2004.

### **PUBLIC 100      An Act To Provide Parity in Lending by State-chartered Lenders**

**LD 291**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL MAYO	OTP-AM	H-32

Public Law 2003, chapter 100 permits Maine lenders to assess late fees on delinquent accounts for all consumer credit transactions. Pursuant to Maine Revised Statutes, Title 9-A, section 2-502, the late fees may not be assessed until after a 15-day grace period has expired and may not exceed the greater of \$10 or the deferral charge permitted to defer the unpaid amount of any installment during the delinquency period.

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**PUBLIC 106**      **An Act To Allow a Court To Order the Cancellation of a Life Insurance Policy as Part of a Protection from Abuse Proceeding**      **LD 409**

<u>Sponsor(s)</u> JACKSON EDMONDS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-112
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Public Law 2003, chapter 106 allows the District Court to order the termination of a life insurance policy or rider owned by a defendant on the life of a plaintiff in a protection from abuse proceeding. The law also requires that a copy of the court order be sent to the insurance company that issued the policy.

**PUBLIC 108**      **An Act To Improve the Process of Credentialing Health Care Providers**      **LD 423**

<u>Sponsor(s)</u> MARRACHE GAGNON	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-116
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Public Law 2003, chapter 108 requires health insurance carriers to make credentialing decisions within 60 days of receiving a completed application from a provider, but allows a carrier to extend the period for up to another 120 days upon written notice to the provider if information within the application needs verification.

**PUBLIC 109**      **An Act Regarding Mortuary Trusts**      **LD 676**

<u>Sponsor(s)</u> MAYO SULLIVAN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-39
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Public Law 2003, chapter 109 allows prearranged funeral plans to be funded with the proceeds of a life insurance policy.

**PUBLIC 110**      **An Act To Prohibit Absolute Discretion Clauses in Health Carrier Contracts**      **LD 316**

<u>Sponsor(s)</u> CANAVAN DOUGLASS	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> H-118
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Public Law 2003, chapter 110 prohibits carriers from using or enforcing absolute discretion clauses in health plan contracts.

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### **PUBLIC 118      An Act To Establish New Standards for Credit Reporting**

**LD 556**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAVERRIERE-BOUCHER	OTP-AM	H-117

Public Law 2003, chapter 118 gives consumers the right to request a free copy of their credit report once during a 12-month period and specifies that the cost of additional copies may not exceed \$5 per copy. The law also requires that consumer reporting agencies clearly disclose to consumers their procedures to enable a consumer to correct inaccurate information contained in a credit report.

### **PUBLIC 135      An Act Clarifying the Maine Consumer Credit Code**

**LD 485**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP	

Public Law 2003, chapter 135 makes the Maine Consumer Credit Code consistent with federal law and regulation on credit practices involving the collection of delinquency charges. The law clarifies that a delinquency charge may not be collected in connection with a consumer credit transaction if the only delinquency is attributable to unpaid late fees or delinquency charges assessed in connection with earlier unpaid installments.

### **PUBLIC 155      An Act Relating to Existing Life-care Communities Licensed by the Superintendent of Insurance**

**LD 796**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
BROMLEY	OTP-AM	S-55

Public Law 2003, chapter 155 provides that a life-care community that holds a final certificate of authority from the Superintendent of Insurance and that was operational on November 18, 2002 and that is prohibited by the Maine continuing care retirement community laws from seeking reimbursement or financial assistance under the Medicaid program from a state or federal agency as part of its commitment to provide life care to its residents may continue to admit nonresidents to its nursing facility after its first 3 years of operation only for such periods as approved by the Superintendent of Insurance.

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**PUBLIC 156**      **An Act To Protect Employees if Their Employer Fails To Pay Premiums for Employer-sponsored Health Insurance**      **LD 905**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
STANLEY CLARK	OTP-AM	S-57

Public Law 2003, chapter 156 requires insurers to notify employees who are certificate holders under a group health insurance policy directly at least 10 days' prior to cancellation of their group coverage unless the insurer does not have the employee's address on file.

**PUBLIC 157**      **An Act To Create Equality in Medicare Supplement Insurance Policies**      **LD 902**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DAMON	OTP-AM	S-56

Public Law 2003, chapter 157 provides guaranteed issuance for Medicare supplement insurance policies to persons entitled to Medicare benefits due to disability. The law also clarifies that guaranteed issuance extends to persons who have maintained coverage supplementing benefits under Medicare beginning with their open enrollment period, whether the coverage is under a Medicare supplement policy or an individual or group health plan.

**PUBLIC 171**      **An Act To Update and Clarify the Law Regarding the Conversion of a Nonprofit Hospital and Medical Service Organization to a Domestic Stock Insurer**      **LD 1490**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS O'NEIL	OTP	

Public Law 2003, chapter 171 clarifies that 100% of the net proceeds of a charitable organization covered by the nonprofit health and medical services organization conversion law in Maine Revised Statutes, Title 24, are deemed public assets and makes other technical changes needed to implement the requirements of Public Law 2001, chapter 550.

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### **PUBLIC 172      An Act To Amend the Debt Management Services Laws**

**LD 1458**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
DOUGLASS CANAVAN	OTP	

Public Law 2003, chapter 172 amends the Nonprofit Debt Management Services Act to clarify that the Act protects a consumer who pays a fee to have a company negotiate with and arrange installment or reduced payments to creditors, even if the funds are sent directly from the consumer's accounts to the creditors rather than being sent first to the debt management company.

### **PUBLIC 173      An Act To Clarify Provisions Governing Corporate-owned Life Insurance Policies**

**LD 1481**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL LAFOUNTAIN	OTP	

Public Law 2003, chapter 173 clarifies that a corporation may have an insurable interest in the life of individual employees, such as certain key officers and directors, and that the proceeds created by a life insurance funded employee benefit program must benefit at least a broad class of employees. The law also expressly permits a trust to act as policyholder for corporate-owned life insurance plans.

### **PUBLIC 201      An Act To Update and Amend the Revised Maine Securities Act**

**LD 1489**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN O'NEIL	OTP-AM	S-91

Public Law 2003, chapter 201 makes several changes to update the Revised Maine Securities Act, including clarifying that sales representatives acting for an issuer in effecting any securities transactions are only exempt from licensing requirements if they are bona fide employees of the issuer; clarifying that a branch location that is the office of both an affiliated broker-dealer and investment adviser will not be assessed duplicative fees; allowing the Office of Securities to retain fees when applications, filings, exemptions and federal covered securities are abandoned; adding business plans to the list of sales and advertising materials that may be required to be filed with the Securities Administrator; and eliminating the requirement that a hearing be held prior to the issuance of a federal or another states' subpoena when the alleged violation would also be a violation of Maine law.

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**PUBLIC 202**      **An Act To Clarify the Exclusion of Assumed Reinsurance from Policy Claims Priority**      **LD 1502**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
YOUNG MAYO	OTP	

Public Law 2003, chapter 202 clarifies that assumed reinsurance is excluded from policy claims priority in the context of an insurer insolvency proceeding.

**PUBLIC 203**      **An Act To Establish Fee Caps under the Maine Insurance Code**      **LD 1522**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TURNER BREAULT	OTP	

Public Law 2003, chapter 203 authorizes the Superintendent of Insurance to adopt rules establishing fees and miscellaneous charges under the Maine Insurance Code within a range that does not exceed the otherwise applicable current amounts in the law.

**PUBLIC 218**      **An Act Concerning Health Insurance Reimbursement and Contracting Practices**      **LD 897**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO	OTP-AM	S-90

Public Law 2003, chapter 218 requires health carriers to give providers 60 days' notice of substantive amendments to provider agreements unless the parties waive the notice requirement by mutual agreement. The law limits the ability of health insurers' to retrospectively deny previously paid claims to those denials made within 18 months from the date of payment with certain exceptions. Beginning in 2005, the law requires that providers with 10 or more full-time-equivalent employees file claims electronically in order to claim interest, pursuant to the statute requiring health insurers to pay interest if an undisputed claim is not paid within 30 days of submission. Finally, it permits the Superintendent of Insurance to adopt rules that set a minimum amount of interest payable to health care providers before a payment must be issued.

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### **PUBLIC 223      An Act To Ensure Fairness Regarding Use of Consumer Credit Reports in Insurance Underwriting**

**LD 470**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CANAVAN DAGGETT	OTP-AM	H-220

Public Law 2003, chapter 223 prohibits an insurance company authorized to transact automobile or homeowners' insurance in this State from making underwriting and rating decisions based solely on information contained in consumer credit reports. An insurer may continue to use consumer credit reports in underwriting and rating decisions in conjunction with other relevant underwriting criteria to the extent allowed under state and federal fair credit reporting laws. The law also requires insurers to provide notice to a consumer who is adversely affected by a credit report. The law adds a requirement that insurers file their insurance scoring models with the Superintendent of Insurance.

### **PUBLIC 249      An Act To Permit Special Purpose Reinsurance Vehicles**

**LD 1553**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN YOUNG	OTP	

Public Law 2003, chapter 249 permits establishment of special purpose reinsurance vehicles and establishes a regulatory framework for the oversight of activities related to special purpose reinsurance vehicles. Special purpose reinsurance vehicles provide insurers an option other than standard reinsurance as a possible method of transferring risk.

### **PUBLIC 263      An Act To Provide Parity in Lending by State-chartered Financial Institutions**

**LD 614**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO O'NEIL	OTP-AM	S-82 H-246 O'NEIL

Public Law 2003, chapter 263 permits state-chartered financial institutions and mortgage companies to assess prepayment charges on mortgage loans, except for high-rate, high-fee mortgages, and requires the Department of Professional and Financial Regulation, Office of Consumer Credit Regulation and Bureau of Financial Institutions to jointly adopt rules related to the ability of supervised financial organizations to assess prepayment charges.

The law also permits state-chartered financial institutions to adjust interest rates on escrow accounts. The rate may not be less than 50% of the one-year Treasury Bill interest rate.



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**PUBLIC 307**      **An Act to Amend the Law Relating to Annuities**  
**EMERGENCY**

**LD 342**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
LAFOUNTAIN O'NEIL	OTP-AM	S-114

Public Law 2003, chapter 307 decreases the annuity rate-of-return requirements for annuity considerations from 3.0% to the lesser of 3% or an interest rate indexed to the 5-year Constant Maturity Treasury Rate of the Federal Reserve. The law permits an insurer to apply the interest rate provision to annuity contracts on a contract form basis until 2 years after the effective date.

Public Law 2003, chapter 307 was enacted as an emergency measure effective May 27, 2003.

**PUBLIC 309**      **An Act To Encourage Agricultural Cooperative Associations To**  
**EMERGENCY**      **Provide Group Health Plans**

**LD 492**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM    MAJ OTP-AM    MIN	H-336

Public Law 2003, chapter 309 allows a group health plan sponsored by an agricultural cooperative association located outside of Maine that provides coverage to members of agricultural cooperative associations located within this State to employ an internal grievance procedure that meets the requirements of the state in which the plan's insurer is located as long as enrollees living in this State are provided with an independent external review of any adverse health care decision in accordance with the State's requirements.

Public Law 2003, chapter 309 was enacted as an emergency measure effective May 27, 2003.

**PUBLIC 310**      **An Act To Clarify the Authority of the Attorney General To Seek**  
**Restitution and To Require the Superintendent of Insurance To**  
**Investigate Certain Insurance Practices**

**LD 1347**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
TREAT O'NEIL	OTP-AM	S-155

Public Law 2003, chapter 310 clarifies that, in those instances when the Superintendent of Insurance has notified the Attorney General of a violation of the insurance laws, the Attorney General is required to institute actions against the violator, including actions seeking restitution.

Public Law 2003, chapter 310 also requires the Superintendent of Insurance to prepare a report on market conditions and trends for property and casualty insurance in this State, particularly homeowners' insurance and

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commercial coverage for small businesses. The Superintendent is required to submit the report to the Joint Standing Committee on Insurance and Financial Services no later than January 5, 2004.

<b>PUBLIC 313</b>	<b>An Act To Extend Public Record Requirements of Nongroup Health Insurance Rate Filings to All Health Insurance Rate Filings</b>	<b>LD 1058</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
COLWELL	OTP-AM    MAJ	H-334
EDMONDS	OTP-AM    MIN	

Public Law 2003, chapter 313 establishes that small group health plan rate filings are public records except as provided by the freedom of access laws.

<b>PUBLIC 315</b>	<b>An Act To Promote Alternatives in Group Self-insurance</b>	<b>LD 852</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL	OTP-AM	H-338

Public Law 2003, chapter 315 establishes an alternative method for a workers' compensation group self-insurer to secure payment of catastrophic losses arising out of a single occurrence in excess of \$500,000. The law allows 4 or more group self-insurers to seek approval from the Superintendent of Insurance of a group self-insurance reinsurance account to hold contributions from participating members in lieu of reinsurance.

<b>PUBLIC 320</b>	<b>An Act To Clarify Maine Law Relating to Viatical Settlements</b>	<b>LD 1413</b>
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<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
WOODBURY	OTP-AM	H-347

Public Law 2003, chapter 320 clarifies that any state or federally chartered financial institution whose deposits are insured by the Federal Deposit Insurance Corporation may act as an escrow agent on accounts containing viatical settlement proceeds.

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### **PUBLIC 321      An Act To Require Disclosure of Benefit Offsets under Disability Insurance Policies**

**LD 1438**

<u>Sponsor(s)</u> MAYO	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-154
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With regard to individual disability income insurance policies, Public Law 2003, chapter 321 requires that insurers provide a clear, written disclosure of any benefit offsets on the application form or in a separate document. With regard to group policies and contracts, the law requires insurers to include the notice in any written enrollment material and certificate of coverage intended for distribution to persons eligible for coverage under the policy or contract.

### **PUBLIC 322      An Act To Amend the Maine Banking Laws**

**LD 1534**

<u>Sponsor(s)</u> LAFOUNTAIN	<u>Committee Report</u> OTP-AM	<u>Amendments Adopted</u> S-141
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Public Law 2003, chapter 322 amends outdated laws governing state-chartered credit unions and synchronizes the provisions with federal laws governing federally chartered credit unions. The law also makes technical changes to various provisions in the Maine banking laws.

### **PUBLIC 374      An Act To Amend the Law Relating to Multiple-employer Welfare Arrangements**

**LD 1605**

<u>Sponsor(s)</u> LAFOUNTAIN BREAULT	<u>Committee Report</u> OTP	<u>Amendments Adopted</u>
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Public Law 2003, chapter 374 provides that trust funds of a multiple-employer welfare arrangement must be held in this State until disbursed by the trust and removes the requirement that a licensed 3rd-party administrator of a multiple-employer welfare arrangement be domiciled in this State.

Public Law 2003, chapter 374 was enacted as an emergency measure effective May 30, 2003.

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**PUBLIC 428**      **An Act To Clarify and Update the Laws and Rules Related to**  
**EMERGENCY**    **Health Care**

**LD 1507**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
CANAVAN MAYO	OTP-AM	H-515

Public Law 2003, chapter 428 does the following:

Part A facilitates the updating of small group and individual health insurance policies by permitting limited minor changes at renewal with 60 days' notice to policyholders and insureds.

Part B strengthens and clarifies the law requiring notice of termination of a group health plan. It expands the requirement to apply to terminations other than for nonpayment of premium and to apply to dental insurance. It also requires the notice to be sent to each insured's last known home address and repeals the requirement to send copies of termination notices to the Department of Professional and Financial Regulation, Bureau of Insurance and to the Department of Labor, Bureau of Labor Standards.

Part C expands the scope of the law governing 3rd-party administrators to include entities that administer employee benefit excess insurance.

Part D clarifies that the requirement for health carriers to provide experience data to large groups applies with respect to former policyholders whose coverage terminated within 18 months of the request.

Part E clarifies the rate information that must be filed with the Bureau of Insurance with respect to group health insurance.

Part F repeals the provision making long-term care insurance rates effective for only 3 years and clarifies the rate filing requirements for individual health insurance to specify that they apply to association group coverage that falls within the definition of individual health plan.

Part G corrects several references to the long-term care insurance laws.

Part H makes several housekeeping corrections. It clarifies the definition of "private purchasing alliance" by removing a reference to licensure. It removes reference to "2 or more carriers" in the purchasing alliance law, consistent with recent amendments that permit purchasing alliances to use a single carrier. It clarifies that a provision of the individual health plan law applies to certificates as well as policies. It exempts policies from the statute concerning arbitration if they are subject to the newer statute concerning external review. It corrects a reference to a tax form. It clarifies the definition of "downstream risk arrangement." Lastly, it corrects a reference in the provision concerning discounts on Medicare supplement insurance.

Part I makes the rule-making process related to the community health program routine technical rules rather than major substantive rules.

Part I of Public Law 2003, chapter 428 was enacted as an emergency measure effective June 5, 2003; Parts A to H of Public Law 2003, chapter 428 become effective September 4, 2003.

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### **PUBLIC 459      An Act to Promote Fairness and Opportunity for Working Amputees**

**LD 125**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
MAYO O'NEIL	OTP-AM	S-259

Public Law 2003, chapter 459 requires carriers to provide coverage for prosthetic devices in all health plans. Benefits for coverage of prosthetic devices must be equal to those benefits provided under federal Medicare law. Currently, Medicare provides coverage for 80% of the actual charge or the amount recognized as the purchase price for the device, whichever is less. Coverage is not required for prosthetic devices that include microprocessor technology or that are designed exclusively for athletic purposes.

The law applies to all health plan policies issued or renewed on or after January 1, 2004.

### **PUBLIC 469      An Act To Provide Affordable Health Insurance to Small Businesses and Individuals and To Control Health Care Costs**

**LD 1611**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
O'NEIL TREAT	OTP-AM	H-565 S-288 TREAT

Public Law 2003, chapter 469 establishes Dirigo Health as an independent executive agency to arrange for the provision of health coverage to small employers and their employees and dependents and to individuals on a voluntary basis. Dirigo Health is also required to monitor and improve the quality of health care in this State. Dirigo Health is governed by a board of directors. Five voting members must be appointed by the Governor and confirmed by the Legislature.

Dirigo Health must contract with health insurance carriers to offer health insurance to eligible small businesses and individuals through Dirigo Health Insurance. The health insurance benefits must be determined by the board and must comply with all statutory requirements of the Maine Insurance Code, including mandated benefits. The law also provides additional assistance through subsidies, based on a sliding scale, to employees and individuals with earnings below 300% of the federal poverty level who are enrolled in Dirigo Health. Employers who participate in Dirigo Health Insurance may be required to contribute up to 60% toward the cost of coverage for employees who work at least 20 hours per week and their dependents. The employer contribution rate for employees who work less than full time must be prorated. Coverage through Dirigo Health Insurance must begin no later than October 1, 2004.

In the first year of operation, funding for Dirigo Health is provided through the General Fund. After July 1, 2005, funding for subsidies and the Maine Quality Forum must be provided through savings offset payments paid by health insurance carriers, employee benefit excess insurance carriers and third-party administrators. The board of directors is required to establish the savings offset amount, not to exceed 4% of annual premium revenue or its equivalent, on an annual basis and those savings offset payments may not exceed the aggregate cost savings attributable to reductions in bad debt and charity care costs as a result of the operation of Dirigo Health and the expansion in MaineCare.

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The law expands MaineCare coverage for children and adults and provides coverage for expansion enrollees who enroll individually and who enroll through Dirigo Health as part of an employer group. The expansion of MaineCare eligibility may not become effective until Dirigo Health becomes operational. Monthly reporting on the noncategorical adult MaineCare expansion will be required to monitor enrollment.

Within Dirigo Health, the law establishes a high-risk pool for persons whose care costs are over \$100,000 per year and for those with certain named diagnoses. It requires Dirigo Health to develop disease management protocols for persons in the high-risk pool. If after 3 years Dirigo Health underperforms relative to the trends in average premium rates and average rates of uninsured individuals compared to those trends in states with high-risk pools, Dirigo Health is charged with submitting legislation to create a high-risk pool on January 1, 2008.

The law establishes the Maine Quality Forum within Dirigo Health to collect and disseminate research, adopt quality and performance measures, coordinate quality data, issue quality reports in conjunction with the Maine Health Data Organization, conduct consumer education and technology assessment reviews, encourage the adoption of electronic technology, make recommendations for the biennial State Health Plan and issue an annual report. The Maine Quality Forum Advisory Council is established to assist the board and the forum. The Maine Health Data Organization will adopt rules to collect data on health care quality based on the quality measures adopted by the Maine Quality Forum and issue reports on health care services, costs and quality.

The law requires the Governor to issue a biennial State Health Plan and establishes an advisory council to assist in the development of the plan. It also establishes the capital investment fund, an annual limit for resources allocated under the certificate of need program. Within the capital investment fund, 12.5% of the total is required to be designated for nonhospital projects for a period of 3 years. The law specifies that a certificate of need or public financing that affects health care costs may not be provided unless it meets the goals and budgets in the State Health Plan.

The law applies certificate of need (CON) requirements to the portions of an ambulatory surgical facility used by patients or to support ambulatory surgical care and to new technology that costs over \$1,200,000 in the office of a private practitioner. It establishes an automatic adjustment to the CON thresholds based on the Consumer Price Index, medical index. It expands the bases on which the Commissioner of Human Services makes CON decisions, adding consistency with the State Health Plan, reference to quality outcomes, reference to inappropriate increases in service utilization and the limits of the capital investment fund. It allows the Commissioner of Human Services to receive reports from a panel of experts on CON applications and requires evaluations from the Department of Human Services, Bureau of Health and the Superintendent of Insurance. It requires hospitals and health care practitioners to make information on the charges for commonly offered health care services available to the public.

The law requires health care practitioners to submit claims to health insurance carriers in electronic format beginning October 16, 2003. Until October 16, 2005, health care practitioners with fewer than 10 full-time equivalent employees are not required to submit claims electronically. After that date, those practitioners may apply to the Superintendent of Insurance for an exemption from the electronic claims filing requirement.

The law requires the Superintendent of Insurance to adopt rules for the filing of annual report supplements by health insurers and health maintenance organizations. It requires small group health plans to submit rate filings to the Superintendent of Insurance and imposes rate hearings and rate reviews on those filings unless a carrier opts to guarantee a 78% loss ratio or refund excess premiums. It requires individual and small group health insurance rates to reflect savings offset payments and any recovery of those offsets in premium rates. It requires large group health carriers to file annually certification that rating practices and methods meet actuarial principles and that savings offset payments and recovery offsets have been properly included in the filing. It allows managed care health plans to apply to the Superintendent of Insurance for permission to offer health plans with financial

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incentive provisions to encourage the use of designated providers of specialty and hospital care if the plan does not exceed the Bureau of Insurance Rule Chapter 850 travel standards by 100% and meets quality criteria. The Superintendent of Insurance is required to adopt rules relating to quality criteria by January 1, 2004 and submit those rules for legislative review before final adoption. The provision regarding managed care plans offering health plans with financial incentive provisions is repealed on July 1, 2007 unless continued by the Legislature. It requires the Superintendent of Insurance to conduct a study of the impact of a cap of \$250,000 on noneconomic damages in medical malpractice lawsuits on the cost of medical malpractice insurance.

The law sets voluntary constraints on financial growth for a period of one year by health care practitioners, hospitals and health insurance carriers. It also requires the Governor's Office of Health Policy and Finance and the Maine Hospital Association to agree on a timetable, format and methodology for reporting on hospital charges, cost efficiency and consolidated operating margins. It requires the Department of Human Services to conduct a comprehensive study of MaineCare reimbursement rates and to report by January 15, 2005. It establishes the Commission to Study Maine's Hospitals and requires that commission to report by November 1, 2004.

The law requires the Governor to work to improve access to care for veterans and to improve Medicare reimbursements for Maine providers and establishes a task force to study health care services provided to Maine veterans.

The law restores \$500,000 in General Fund money to restore the physician incentive payment program within the MaineCare program.

### **PUBLIC 492      An Act to Extend the Authority of the Health Care System and Health Security Board**

**LD 20**

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM    MAJ	H-113
	ONTP      MIN	H-143   O'NEIL
		S-279   GAGNON

Public Law 2003, chapter 492 extends the authority of the Health Care System and Health Security Board to continue its work and submit a final report by November 1, 2004. The law also adds a 20th member to the board who represents the public and is appointed by the Speaker of the House of Representatives.

## ***Insurance and Financial Services***

**RESOLVE 21  
EMERGENCY**

**Resolve, Regarding Legislative Review of Portions of Chapter 840,  
Private Purchasing Alliances, a Major Substantive Rule of the  
Department of Professional and Financial Regulation, Bureau of  
Insurance**

**LD 1386**

Sponsor(s)

Committee Report  
OTP

Amendments Adopted

Resolve 2003, chapter 21 provides for legislative approval of portions of Chapter 840, Private Purchasing Alliances, a major substantive rule of the Department of Professional and Financial Regulation, Bureau of Insurance.

Resolve 2003, chapter 21 was passed as an emergency measure effective May 15, 2003.